

Message Text

UNCLASSIFIED

PAGE 01 BEIRUT 03408 211329Z
ACTION NEA-11

INFO OCT-01 ISO-00 EB-08 /020 W
-----011123 211408Z /50
R 211030Z JUN 78
FM AMEMBASSY BEIRUT
TO USDOC WASHDC
INFO SECSTATE WASHDC 8362

UNCLAS BEIRUT 3408

FOR G.B. KEEN AND G. JACKSON, BCS/OED/BIC

E.O. 11652: N/A
TAGS: BDIS, LE
SUBJECT: TRADE COMPLAINT: CYTO-ZYME LABORATORIES, SALT LAKE
CITY, UTAH VS A.J. MAALOUF AND MALCO

REF: (A) KEEN-JACKSON OM OF JUNE 2, 1978, (B) S. REES MEMO
(SALT LAKE DISTRICT) OF MAY 23, 1978.

1. ECONOFF MET WITH ANTOINE J. MAALOUF 6/19 TO DISCUSS SUBJECT
TRADE COMPLAINT.

2. MAALOUF SET FORTH MALCO POSITION AS FOLLOWS:

(A) UNDER TERMS OF CONTRACT MALCO IS TO PURCHASE MORE OF
CYTO-ZYME PRODUCT THAN IT HAS DONE TO DATE, BUT SECOND SHIPMENT
OF \$49,000 WAS NOT REQUESTED BY MALCO AND PRESENTS MALCO WITH
PROBLEM OF PAYMENT AT TIME WHEN FIRST SHIPMENT HAS YET TO BE
MARKETED;

(B) MALCO HAS MADE PRELIMINARY SALES PITCHES TO VARIOUS ARAB
GOVERNMENTS AND TO MEMBERS OF LEBANESE GOVERNMENT BUT CANNOT
PROCEED TO TEST-DEMONSTRATE CYTO-ZYME ANYWHERE WITHOUT TECHNICAL
RE MIXING AND PHYSICAL APPLICATION OF PRODUCT TO CROPS;

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BEIRUT 03408 211329Z

(C) MALCO HAS REQUESTED AND BEEN PROMISED TECHNICAL INSTRUCTIONS
AND MATERIALS SUITABLE FOR SALES PROMOTION, BUT NO INSTRUCTIONS
OR MATERIALS HAVE BEEN RECEIVED BY MALCO, SO MALCO'S SALES
EFFORT ACCORDINGLY IS STYMIED;

(D) MALCO BELIEVES IN GOOD FAITH OF CYTO-ZYME MANAGEMENT AND
FEELS MAALOUF-BROCKBANK RELATIONSHIP IS CORDIAL, BUT MALCO DOES NOT

UNDERSTAND WHY INSTRUCTIVE MATERIALS NOT FORTHCOMING;

(E) MALCO WILLING TO PAY \$49,000 OWED WHEN MATERIALS ARRIVE;

(F) MAALOUF WILLING TRAVEL TO U.S. TO STRAIGHTEN PROBLEM OUT, BUT IF PARAS 9C AND 9D OF PAGE 8 OF CONTRACT ARE NOT TO BE HONORED THEN MALCO WILLING DEFEND ITS INTEREST WITH LEGAL HELP AND SEEK RECOVER ITS PAYMENT TO CYTO-ZYME.

3. VERSION OF STORY PRESENTED BY MAALOUF APPEARED CONFLICT WITH ASSERTION IN BENNETT-REES LETTER MAY 15, 1978 PARA 3 QUOTE IN RESPONSE TO THE JANUARY 12TH TELEX FROM MALCO (EXHIBIT G...) CYTO-ZYME LABORATORIES FORWARDED THE INFORMATION REQUESTED... UNQUOTE. EXHIBIT G DOCUMENTS MALCO REQUEST FOR INFORMATION MATERIALS. EMBASSY HAS NO MEANS TO CONFIRM MAALOUF'S CLAIM NO MATERIALS RECEIVED.

4. MAALOUF DID NOT DISPUTE MALCO'S LEGAL OBLIGATION TO PAY. ON CONTRARY, HE ACKNOWLEDGED \$49,000 DEBT AND PROMISED TO PAY. HEART OF PROBLEM IN MAALOUF'S VIEW IS ABSENCE OF BASIC LITERATURE ON PRODUCT. HE POSED QUESTION. "HOW CAN I PROMOTE THE PRODUCT WITHOUT MATERIALS INSTRUCTING CUSTOMER HOW TO MIX AND APPLY IT?"

5. EMBOFF IN CONVERSATION ASKED IF THERE WERE OTHER ASPECTS TO DISPUTE BUT MAALOUF REVEALED NONE AND DENIED THERE WERE ANY. UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BEIRUT 03408 211329Z

EMBOFF UNDERTOOK REPORT MALCO VIEWS TO USDOC.

6. LOCAL SOURCES REPORT MALCO IS A REPUTABLE FIRM. WTDR IN PREPARATION.

7. COMMENT: USDOC FYI ONLY. MAALOUF ADMITTED SOME NAIVETE IN CONTRACTING TO SELL PRODUCT HE THOUGHT WAS A FERTILIZER THAT TURNED OUT TO BE AN ENZYME CONCENTRATE. HIS STATEMENT THAT HE HAS NOT HIMSELF STUDIED TECHNICAL DESCRIPTION OF PRODUCT SEEMS INCREDIBLE, BUT NO MORE SO THAN CLAIM THAT CYTO-ZYME HAS FOR UNKNOWN CAUSES FAILED SO FAR TO SUPPLY HIM WITH BASIC SALES LITERATURE FOR TRANSLATION INTO ARABIC ALTHOUGH CONTRACT WAS SIGNED IN AUGUST 1977. CYTO-ZYME'S ATTORNEY'S DOCUMENTATION DOES NOT REFUTE THE CLAIM. MEANWHILE, MAALOUF HAS PAID \$20,000 NOT COUNTING LOCAL CUSTOMS ARRANGEMENTS AND FEELS THAT IT IS MALCO, NOT CYTO-ZYME, THAT HAS BACKED ITS GOOD WILL TOWARD THE TRANSACTION WITH CASH. MALCO AS DISTRIBUTOR EXPRESSED UNWILLINGNESS TO PAY FURTHER UNTIL FRANCHISER FULFILLS ALLEGED CONTRACT OBLIGATION TO SUPPORT PRODUCT PROMOTION. IT SEEMS ON THE SURFACE A STRAIGHTFORWARD CASE TO RESOLVE. PARKER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BEIRUT03408
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780258-1051
Format: TEL
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780637/aaaabgaq.tel
Line Count: 115
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1697b784-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2271756
Secure: OPEN
Status: NATIVE
Subject: TRADE COMPLAINT: CYTO-ZYME LABORATORIES, SALT LAKE CITY, UTAH VS A.J. MAALOUF AND MALCO
TAGS: BDIS, LE
To: COM
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/1697b784-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014